

FISCHER & DORITY
PROFESSIONAL CORPORATION

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March 11, 2002

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

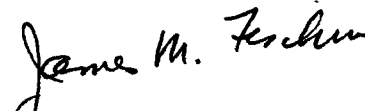
RE: *Atmos Energy Corporation*
Case No. GA-98-464

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of the Atmos Energy Corporation's Request For Decision Regarding Application For Subsequent Accounting Authority Order.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

/jr
Enclosures

cc: Office of the Public Counsel
Dan Joyce, General Counsel

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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

In the Matter of the Application of United Cities Gas)
Company, a division of Atmos Energy Corporation,)
for an Accounting Authority Order Related to) Case No. GA-98-464
Investigation and Response Actions Associated with)
Its Former Manufactured Gas Plant Site in Hannibal,)
Missouri.)

ATMOS ENERGY CORPORATION'S REQUEST FOR DECISION
REGARDING APPLICATION FOR
SUBSEQUENT ACCOUNTING AUTHORITY ORDER

COMES NOW United Cities Gas Company, a division of Atmos Energy Corporation (hereinafter "United Cities") and for its Request For Subsequent Accounting Authority Order ("AAO") states to the Missouri Public Service Commission ("Commission"):

1. On February 5, 2001, United Cities filed its Motion For Modification of Accounting Authority Order in which it requested the Commission "issue its Order Modifying the Accounting Authority Order issued on February 25, 1999, by extending the date that the AAO would become null and void from March 9, 2001 to March 9, 2002, unless a general rate case is filed, or in the alternative, issue a subsequent accounting authority order to authorize United Cities to defer in Account 182.3 all costs incurred in connection with the investigation, assessment and environmental response actions at the Hannibal MGP." (emphasis added) Although the Commission has heard arguments on this matter, no decision has been issued to date on United Cities' Motion.¹ In addition, in order to give practical effect to the deferral order since substantial time has elapsed since the request was filed, United Cities respectfully requests that the Commission

¹Prehearing conferences that included oral arguments regarding the merits of the Company's Motion were held on March 15, 2001, and July 11, 2001.

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focus upon its alternative request to issue a subsequent AAO to authorize the Company to defer the costs associated with the environmental response at the Hannibal MGP.²

2. Pursuant to the Accounting Authority Order issued in this proceeding, United Cities has deferred approximately \$510,000 related to the environmental remediation of the Hannibal MGP. United Cities expects to spend an additional \$80,000 in fiscal year 2002 for building demolition, risk assessment, groundwater sampling and related Missouri DNR oversight costs. United Cities presently anticipates spending \$85,000 to complete the environmental remediation at the Hannibal MGP over the next 3 years. Unless a subsequent Accounting Authority Order is authorized in this proceeding, United Cities will be required to write-off the \$510,000 expended through fiscal year 2001, and will not be permitted to defer future costs in fiscal year 2002 and beyond.

3. United Cities is requesting authorization to defer in Account 182.3 (formerly Account 186) all costs incurred to date and all future costs to be incurred in connection with:

- a. the investigation, assessment, removal, disposal, storage, remediation or other clean-up of residues, substances, materials and/or property associated with the Hannibal manufactured gas plant;
- b. the dismantling and/or removal of facilities formerly utilized in manufactured gas plant operations;

²United Cities hereby withdraws its request that the Commission extend the date that the AAO would become null and void from March 9, 2001 to March 9, 2002, unless a general rate case is filed, and instead requests a subsequent AAO deferring all costs associated with the environmental remediation of the Hannibal MGP, as more fully described herein.

c. efforts to recover such costs from potentially responsible third parties and insurance companies; and

d. payments received by United Cities as a result of such efforts.

4. In addition to the AAO authorized in this proceeding, the Commission has previously approved a similar request for an AAO for the environmental response actions at manufactured gas plant sites for Laclede Gas Company. *See Re: Laclede Gas Company*, 172 PUR4th 83, (1996). United Cities is not requesting approval of any ratemaking treatment of these costs at this time. The review and appropriate disposition of these costs would be reserved for and determined in United Cities' next general rate case. Furthermore, any refunds or reimbursements received from state funds, insurance companies or other third parties will be credited to Account 182.3. This AAO would apply to costs incurred and payments received, if any, between March 31, 1998 and the effective date of the rates established in United Cities' next general rate case.

5. The effect of the subsequent AAO would be to remove the condition that United Cities file a rate case by a specific date. In recent AAOs approved by this Commission, the Commission has not included a condition that the public utility file a rate case by a specified date. *See e.g., Re UtiliCorp United*, Case No. GA-2002-285 (issued January 10, 2002). United Cities would request similar treatment in the subsequent AAO issued in this matter.

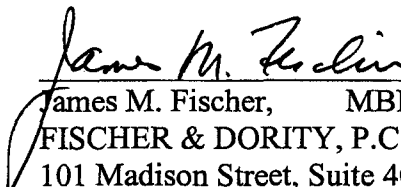
6. Other states routinely issue AAOs to defer similar environmental costs that are not conditioned upon the filing of a rate case by any specified date. *See Order, Re United Cities Gas Company For the Deferral Of Accounts Incurred In Connection With Environmental Control Requirements*, Tenn.Pub.Serv.Comm'n, Docket No. 94-02529 (October 4, 1994); *Order Approving Stipulation & Agreement, Re United Cities Gas Company Requesting Issuance of Certain Accounting Orders Relating to Its Natural Gas Operations and Seeking Approval to Recover Its*

Actual Cost to Investigate and Perform Possible Response Action to Approximately 720 Meter Sites Where Mercury Meters May Have Been Used, Kansas Corp. Comm., Docket No. 191,339-U (Jan. 12, 1996); Order Approving Settlement and Compliance Tariffs, *Re United Cities Gas Company*, Iowa Utilities Bd., Docket No. RPU-95-14 (May 17, 1996)(Copies of these orders were attached to the Suggestions In Support of Motion of Modification of AAO filed in this proceeding on March 22, 2001) As the Commission has demonstrated in its recent UtiliCorp and MGE AAOs related to the Cold Weather Rule implementation, there is nothing that would necessarily require that an AAO be conditioned upon the filing of a general rate case by a specific date, if the Commission determined that such an order would promote the public interest.

7. United Cities believes an AAO is appropriate since the costs of investigation, assessment and environmental response actions at the Hannibal MGP are extraordinary and non-recurring costs, and United Cities may not otherwise have the opportunity to recover these extraordinary expenses, without the issuance of the requested AAO. *See Re: St. Louis County Water Company*, Case No. WR-96-263, Report and Order at 13, (December 31, 1996).

WHEREFORE, for the reasons stated herein, United Cities respectfully requests the Commission to issue its decision regarding its Motion for a subsequent Accounting Authority Order to authorize United Cities to defer in Account 182.3 all costs as more fully discussed herein, incurred or to be incurred, in connection with the investigation, assessment and environmental response actions at the Hannibal MGP.

Respectfully submitted,


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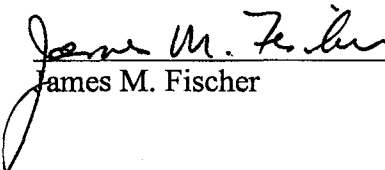
ATTORNEYS FOR
UNITED CITIES GAS COMPANY,
a division of ATMOS ENERGY CORPORATION

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, postage prepaid, this 11th day of March, 2002, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

Dana K. Joyce
General Counsel
P.O. Box 360
Jefferson City, Missouri 65102


James M. Fischer